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COMPANY INFORMATION

Board of Directors	Mr. Sikandar M. Khan Mr. Shahid Ahmed Hakim Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mr. Mian Muhammad Saleem Mr. Bashir Ahmed Chaudhry Mr. Javed Munir Mr. Sajid Hassan	Chairman Chief Executive Director Director Director Director Director Director Director Director (NIT Nominee)	
Audit Committee	Mr. Latif Khalid Hashmi Mr. Mian Muhammad Saleem Mr. Sajid Hassan	Director Director Director	Chairman Audit Committee Member Audit Committee Member Audit Committee
Company Secretary	Mr. M. Mushtaq Akhtar		
Chief Financial Officer	Mr. Faisal Lakhani		
Auditors	M/s. A.F. Ferguson & Co.	Chartered Accountants	
Legal Advisors	M/s. Walker Martineau Saleem	Advocates & Legal Consultants	
Bankers	Habib Bank Limited MCB Bank Limited ABN Amro Bank Bank AlFalah Limited		
Factory & Registered Office	Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel: +92-853-302381-2, 302525 Fax : +92-853-302524 E-mail: bclhub@cyber.net.pk		
Head Office	F-1, Hub River Road, S.I.T.E., Karachi Tel: +92-21-2579819, 2579681 Fax : +92-21-2573558 E-mail: bclho@cyber.net.pk		
Website	www.bolancastings.com		

DIRECTORS' REVIEW

Dear Shareholders

Directors of your Company take this opportunity to present the un-audited accounts for the 2nd quarter and the half year ended December 31, 2007, duly reviewed by the statutory auditors of the Company as required under the Code of Corporate Governance.

Operating and Financial Results

Net sales for the half year were Rs. 455.131 million as compared to Rs. 381.079 million for the same period last year.

Gross loss worked out to Rs. 4.422 million as against Gross profit of Rs. 33.585 million for the same period last year. Net loss after tax for the half year was Rs. 24.275 million as compared to profit of Rs. 8.154 million for the same period last year.

The loss per share for the half year ended December 31, 2007 amounted to Rs. 3.99 per share as against the earnings of Rs. 1.34 per share for the same period last year.

The decrease in profitability is attributable to higher input cost of materials, energy and overheads and frequent disruptions in operations due to law and order and other reasons.

Future Prospects

The company is hopeful to increase productivity and profitability by streamlining operations and controlling costs. Price increase with the customers due to higher material costs is under negotiation. Coupled with cost controls, the upward price adjustments would help in improving financial results for the next half of the current financial year.

The upward trend in automotive and tractor industry is expected to continue creating more demand for castings.

Acknowledgement

We are thankful to our customers and the shareholders for their trust and confidence in the Company. We also would like to convey our appreciation to the entire BCL team including officers and workers for their dedicated efforts and contribution during the period under review.

For and on behalf of the Board



SIKANDAR M. KHAN
Chairman

Karachi:
February 27, 2008

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Bolan Castings Limited as at December 31, 2007 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2007 and 2006 have not been reviewed, as we were required to review only the cumulative figures for the half year ended December 31, 2007.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the year ended December 31, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



A. F. FERGUSON & CO.
Chartered Accountants
Karachi

Date: February 27, 2008

[In case of any discrepancy on the Company's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the Company's registered office.]

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2007

ASSETS	Note	Unaudited December 31, 2007	Audited June 30, 2007
-----Rupees-----			
Non-Current Assets			
Property, plant and equipment	4	249,450,811	255,248,879
Long term investment		24,840,000	18,975,000
Long term loans		862,400	577,300
Long term deposits		3,558,660	3,558,660
Deferred tax		1,138,089	-
		279,849,960	278,359,839
Current Assets			
Stores, spares and loose tools		72,208,294	54,237,455
Stock-in-trade		181,597,299	206,713,192
Trade debts		66,713,618	101,689,808
Loans and advances		11,367,256	10,800,133
Trade deposits and short term prepayments		19,402,280	17,529,657
Other receivables		1,315,605	96,351
Taxes recoverable		40,315,763	24,129,127
Cash and bank balances		9,519,889	18,230,925
		402,440,004	433,426,648
		682,289,964	711,786,487
EQUITY AND LIABILITIES			
Share Capital		60,778,377	55,253,070
Reserves		235,115,442	270,101,525
		295,893,819	325,354,595
Non-Current Liabilities			
Long term finance - secured	5	66,002,670	84,127,670
Deferred tax		-	7,838,399
Deferred liabilities		15,846,018	15,189,714
		81,848,688	107,155,783
Current Liabilities			
Current portion of long term finance	5	36,250,000	36,250,000
Trade and other payables		76,383,275	67,134,983
Accrued interest/mark-up		4,775,303	3,898,836
Short term borrowings		187,138,879	171,992,290
		304,547,457	279,276,109
Contingencies and Commitments			
	6	682,289,964	711,786,487

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
Chief Executive


SIKANDAR M. KHAN
Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

	Note	For the half year ended		For the second quarter ended	
		December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
-----Rupees-----					
Net Sales	7	455,130,505	381,079,403	215,061,576	184,796,393
Cost of goods sold	8	(459,552,606)	(347,494,831)	(222,355,780)	(179,282,657)
Gross profit / (loss)		(4,422,101)	33,584,572	(7,294,204)	5,513,736
Selling and distribution expenses		(1,814,523)	(3,252,373)	(963,768)	(2,352,771)
Administration expenses		(11,320,094)	(8,587,333)	(5,816,635)	(4,406,743)
Other operating expenses		-	(908,614)	-	448,329
		(13,134,617)	(12,748,320)	(6,780,403)	(6,311,185)
		(17,556,718)	20,836,252	(14,074,607)	(797,449)
Other operating income		1,214,344	2,212,790	1,060,826	1,593,785
		(16,342,374)	23,049,042	(13,013,781)	796,336
Finance costs		(14,588,277)	(11,619,464)	(7,843,611)	(6,668,335)
Profit / (loss) before taxation		(30,930,651)	11,429,578	(20,857,392)	(5,871,999)
Taxation		6,655,489	(3,275,090)	7,488,469	2,780,462
Profit / (loss) after taxation		(24,275,162)	8,154,488	(13,368,923)	(3,091,537)
			Restated		Restated
Earnings / (loss) per share					
- basic and diluted		(3.99)	1.34	(2.20)	(0.51)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Note	December 31, 2007	December 31, 2006
-----Rupees-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	9	45,393,895	(31,504,965)
Net increase in long term loans		(285,100)	(234,000)
Taxes paid		(18,507,635)	(985,941)
Retirement benefits paid		(1,133,594)	(650,190)
Finance costs paid		(13,711,810)	(9,664,096)
Net cash inflow / (outflow) from operating activities		11,755,756	(43,039,192)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,285,876)	(38,174,022)
Proceeds from disposal of operating assets		637,165	1,516,425
Dividend received		575,000	718,750
Return on bank deposits		285,199	863,822
Net cash outflow from investing activities		(6,788,512)	(35,075,025)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loan		(18,125,000)	-
Finance against trust receipt		(2,437,818)	29,120,795
Dividend paid		(10,699,869)	(27,356,320)
Net cash (outflow) / inflow from financing activities		(31,262,687)	1,764,475
Net decrease in cash and cash equivalents		(26,295,443)	(76,349,742)
Cash and cash equivalents at the beginning of the period		(93,761,365)	11,019,205
Cash and cash equivalents at the end of the period		(120,056,808)	(65,330,537)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

	Share Capital	General Reserve	Unrealised gain on long term investment	Unappropriated Profit/ (Accumulated Loss)	Total
-----Rupees-----					
Balance as at June 30, 2006	55,253,070	210,000,000	11,246,875	48,214,651	324,714,596
Profit for the half year ended December 31, 2006	-	-	-	8,154,488	8,154,488
Final dividend for the year ended June 30, 2006 (Rs. 5 per share)	-	-	-	(27,626,535)	(27,626,535)
Reversal of unrealized gain due to the change in fair value of long term investment	-	-	(287,500)	-	(287,500)
Transfer to general reserve	-	20,000,000	-	(20,000,000)	-
Balance as at December 31, 2006	<u>55,253,070</u>	<u>230,000,000</u>	<u>10,959,375</u>	<u>8,742,604</u>	<u>304,955,049</u>
Profit for the half year ended June 30, 2007	-	-	-	17,883,921	17,883,921
Unrealised gain due to change in fair value of long- term investment	-	-	2,515,625	-	2,515,625
Balance as at June 30, 2007	<u>55,253,070</u>	<u>230,000,000</u>	<u>13,475,000</u>	<u>26,626,525</u>	<u>325,354,595</u>
Final dividend for the year ended June 30, 2007 (Rs. 2 per share)	-	-	-	(11,050,614)	(11,050,614)
Issue of bonus shares @ 10%	5,525,307	-	-	(5,525,307)	-
Transfer to general reserve	-	10,000,000	-	(10,000,000)	-
Loss for the half year ended December 31, 2007	-	-	-	(24,275,162)	(24,275,162)
Unrealised gain due to the change in fair value of long- term investment	-	-	5,865,000	-	5,865,000
Balance as at December 31, 2007	<u><u>60,778,377</u></u>	<u><u>240,000,000</u></u>	<u><u>19,340,000</u></u>	<u><u>(24,224,558)</u></u>	<u><u>295,893,819</u></u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

- The Company is incorporated in Pakistan as a public limited company and is listed on Karachi Stock Exchange. The registered office of the Company is situated at main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan. Its main business activity is to undertake castings of tractors and automotive parts.
- These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard 34 - 'Interim Financial Reporting'. The figures for the half year ended December 31, 2007 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.
- The accounting policies adopted in the preparation of these half yearly financial statements are the same as those applied in the preparation of the audited published financial statements of the Company for the year ended June 30, 2007.

4. PROPERTY, PLANT AND EQUIPMENT	December 31, 2007	June 30, 2007
	-----Rupees-----	
Operating fixed assets (note 4.1 and 4.2)	242,349,549	251,590,374
Capital work-in-progress (note 4.3)	7,101,262	3,658,505
	<u>249,450,811</u>	<u>255,248,879</u>

- 4.1. Capitalisation of operating assets during the period/year were as follows:

Building on freehold land	167,452	26,507,039
Plant and machinery	2,804,802	126,085,117
Electrical and gas installations	-	21,827,600
Furniture and fittings	327,521	475,801
Electrical appliances	230,450	762,825
Office equipments	145,200	150,750
Computers	460,755	501,599
Vehicles	706,940	5,838,000
	<u>4,843,120</u>	<u>182,148,731</u>

- 4.2 During the period, assets costing Rs. 791,000 having net book value of Rs. 481,691 were disposed off for Rs. 637,165.
- 4.3 During the period the Company incurred expenditure on work-in-progress in respect of plant and machinery and civil works amounting to Rs. 3,442,756 (June 30, 2007: Rs. 3,658,505).

5. LONG TERM FINANCE - secured

This represents the demand finance facility, amounting to Rs.145 million (June 30, 2007: Rs.145 million) to finance the 'Balancing, Modernization and Replacement' of the Company's existing foundry. The amount utilized against this facility is repayable in 8 half yearly installments from February 2007 and carries standard mark-up at the rate of 14.6% per annum and timely payment mark-up at the rate of 'KIBOR plus 0.75%'. The facility is secured by way of first registered equitable mortgage charge of Rs. 182 million over all present and future fixed assets of the Company.

6. CONTINGENCIES AND COMMITMENTS

Letters of credit outstanding as at December 31, 2007 amount to Rs. 105,641,694 (June 30, 2007: Rs. 170,731,200).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

7. NET SALES

	For the half year ended		For the second quarter ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	Rupees			
Gross sales	586,384,970	464,935,438	282,765,479	236,160,614
Less:				
Sales return	58,700,404	26,479,980	30,996,360	12,577,896
Sales tax	72,554,061	57,376,055	36,707,543	38,786,325
	<u>455,130,505</u>	<u>381,079,403</u>	<u>215,061,576</u>	<u>184,796,393</u>

8. COST OF GOODS SOLD

Raw material and components consumed				
Opening stock	112,905,249	77,344,282	126,213,212	122,228,200
Purchases	265,161,321	268,223,084	111,677,312	123,314,791
	<u>378,066,570</u>	<u>345,567,366</u>	<u>237,890,524</u>	<u>245,542,991</u>
Closing stock	(117,937,418)	(140,272,957)	(117,937,418)	(140,272,957)
	<u>260,129,152</u>	<u>205,294,409</u>	<u>119,953,106</u>	<u>105,270,034</u>
Salaries, wages and benefits	36,016,303	26,975,672	20,611,520	14,485,102
Staff welfare	2,560,551	2,155,427	1,389,322	1,326,582
Stores and spares consumed	42,233,446	36,135,708	16,572,970	19,022,388
Fuel and power	69,036,126	39,838,569	38,814,546	20,378,353
Machining expenses	2,137,175	1,693,666	1,052,817	1,279,480
Other services	25,698,130	19,378,461	13,440,663	10,301,033
Travelling and conveyance	6,166,115	4,784,424	3,109,024	2,517,618
Rent, rates and taxes	193,240	210,009	97,685	118,549
Repairs and maintenance	2,173,128	1,841,254	1,538,169	976,330
Export expenses	104,592	13,596	-	7,366
Freight charges	9,339,765	8,484,470	4,205,045	4,468,205
Insurance	1,281,624	866,752	640,812	640,333
Vehicles expenses	1,263,734	796,254	621,353	342,279
Depreciation	13,181,130	5,404,637	6,613,644	3,341,781
Others	2,313,497	2,168,523	1,204,206	1,086,224
	<u>213,698,556</u>	<u>150,747,422</u>	<u>109,911,776</u>	<u>80,291,623</u>
Work in process - opening	35,897,000	19,115,000	42,367,000	18,096,000
- closing	(44,946,000)	(29,425,000)	(44,946,000)	(29,425,000)
	<u>464,778,708</u>	<u>345,731,831</u>	<u>227,285,882</u>	<u>174,232,657</u>
Cost of goods manufactured				
Finished goods - opening	11,883,000	13,151,000	12,179,000	16,438,000
- closing	(17,355,000)	(11,388,000)	(17,355,000)	(11,388,000)
	<u>459,306,708</u>	<u>347,494,831</u>	<u>222,109,882</u>	<u>179,282,657</u>
Provision for slow moving stock	245,898	-	245,898	-
	<u>459,552,606</u>	<u>347,494,831</u>	<u>222,355,780</u>	<u>179,282,657</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

9. CASH GENERATED FROM OPERATIONS

	<u>For the half year ended</u>	
	<u>December 31, 2007 Rupees</u>	<u>December 31, 2006 Rupees</u>
(Loss) / profit before taxation	(30,930,651)	11,429,578
Adjustment for:		
- Depreciation	13,602,253	5,784,111
- Provision for retirement benefits	1,789,898	177,495
- Gain on sale of fixed assets	(155,474)	(683,968)
- Provision for slow moving stock	245,898	-
- Dividend income	(575,000)	(718,750)
- Finance costs	14,588,277	11,619,464
- Return on bank deposits	(273,915)	(577,897)
	<u>29,221,937</u>	<u>15,600,455</u>
Operating (loss) / profit before working capital changes	(1,708,714)	27,030,033
Working capital changes		
(Increase)/decrease in current assets:		
- Stores, spares and loose tools	(17,970,839)	(5,024,344)
- Stock-in-trade	24,869,995	(69,875,303)
- Trade debts	34,976,190	28,764,812
- Loans and advances	(567,123)	2,623,081
- Trade deposits and short term prepayments	(1,872,623)	(5,523,994)
- Other receivables	(1,230,538)	(8,725)
	<u>38,205,062</u>	<u>(55,421,070)</u>
Increase/(decrease) in current liabilities:		
- Trade and other payables	8,897,547	(9,507,975)
	<u>47,102,609</u>	<u>(58,534,998)</u>
	<u>45,393,895</u>	<u>(31,504,965)</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

10. TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties during the period, are as follows:

Name of the related party and relationship with the Company	Nature of transactions	For the half year ended	
		December 31, 2007	December 31, 2006
		----- Rupees -----	
Associates			
- Millat Tractors Limited	Sale of goods - net	415,903,016	351,712,759
		December 31, 2007	June 30, 2007
		----- Rupees -----	
Post employment plans			
- Pension scheme	Contributions	696,661	1,458,000
- Gratuity scheme	Benefits paid on behalf of fund	645,017	4,394,000

10.1 As at December 31, 2007 an amount of Rs. 45,949,265 (June 30, 2007: Rs. 86,528,188) was receivable from Millat Tractors Limited.

11. CORRESPONDING FIGURES

11.1 Corresponding figures in the condensed interim balance sheet and condensed interim statement of changes in equity comprise of balances as per the annual audited financial statements for the year ended June 30, 2007, whereas corresponding figures in the condensed interim profit and loss account and condensed interim cash flow statement comprise of balances of comparable period as per the condensed interim financial statements for the half year ended December 31, 2006 which were subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

11.2 Prior period figures have been reclassified for the purpose of comparison and better presentation.

12. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 27, 2008 by the Board of Directors of the Company.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman